

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

April 16, 1969

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LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer

Agriculture	OEO	Labor
AID	GSA	NASA
AEC	HEW	Post Office
CIA	HUD	DOT
Commerce	USIA	VA
CSC	Interior	Treasury
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SUBJECT:

State Department draft bill "To amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, with respect to the settlement of claims against the U.S. by civilian officers and employees for damage to, or loss of, personal property incident to their service."

The Bureau of the Budget would appreciate receiving the views of your agency on this subject before advising on its relationship to the program of the President.

(x) In order to permit expeditious coordination and clearance in accordance with Circular A-19, it is requested that your reply be made within thirty (30) days.

() Special circumstances require that this be handled as a priority matter and that your views be received

Questions should be referred to John Holden,
of the Budget, code 103, extension 3824.

Bureau

Naomi R. Sweeney

Naomi R. Sweeney, For
Assistant Director for
Legislative Reference

Enclosures
State draft bill

A B I L L

To amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, with respect to the settlement of claims against the United States by civilian officers and employees for damage to, or loss of, personal property incident to their service.

Be it enacted by the Senate and House of Representatives
of the United States of America in Congress assembled, That
Section 3(b)(1) of the Military Personnel and Civilian
Employees' Claims Act of 1964, as amended (78 Stat. 767
as amended by 79 Stat. 789), is amended by striking out
"\$6,500" and inserting in place thereof "\$10,000".

SEC. 2. Section 1 of this Act is effective August 31,
1964, for the purpose of reconsideration of settled claims as
provided in this section. Notwithstanding section 4 of the
Military Personnel and Civilian Employees' Claims Act of 1964,
or any other provision of law, a claim heretofore settled in
the amount of \$6,500 solely by reason of the maximum limitation
established by section 3(b) of the Military Personnel and
Civilian Employees' Claims Act of 1964, as amended, may, upon
written request of the claimant made within one year from the
date of enactment of this Act, be reconsidered and settled
under the amendment contained in section 1 of this Act.

EXPLANATION

Purpose

The purpose of the proposed legislation is to amend the Military Personnel and Civilian Employees' Claims Act of 1964 as amended to (1) increase the present authority for the settlement of claims for personnel of agencies, other than the Department of Defense, the military departments and Coast Guard, for personal property losses incident to their service, from \$6,500 to \$10,000, and (2) permit reconsideration, retroactive to August 31, 1964, of any claim heretofore settled and paid in the amount of \$6,500 solely because that was the maximum amount authorized under existing law.

History

Although the legislative history of payment of employee claims dates back to April 9, 1816, with enactment of the Military Personnel Claims Act, the Department of Defense, the military departments and the Coast Guard were the only agencies with authority to pay personnel claims prior to 1964. The Military Personnel and Civilian Employees' Claims Act of 1964 extended the coverage of claims statutes to civilian officers and employees of all Government agencies, subject to the same \$6,500 limitation previously in existence for the military agencies.

The 1965 amendment to the Military Personnel and Civilian Employees' Claims Act of 1964 (79 Stat. 789) increased the claims settlement authority of the Department of Defense, the military departments and the Coast Guard to \$10,000 but retained the \$6,500 limitation for the civilian agencies. The increase in authority for the military departments and not the civilian agencies was due to the short history of the exercise of the claims authority by the civilian agencies and it was felt that any question of increase of existing authority should be deferred until the various agencies had developed procedures and have had a longer period of experience in administration of this claims settling authority (H. Rept. 382, S. Rept. 655, 89th Congress, 1st Session).

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Justification

The justification submitted in support of the 1965 amendment is equally applicable to Government agencies other than the military departments and the Coast Guard. The monetary limitation of \$6,500 is unrealistic and unduly restrictive in terms of the present cost of household goods and personal effects reasonably in an employee's possession should a total or near total loss be incurred, imposes a great hardship on certain claimants who are victims of catastrophic losses, and leads to an increase of private relief legislation. Only a small percentage of the total number of claims which arise involve circumstances causing total loss of personal property.

The civilian agencies have now had claims settlement authority for over four years. Within the Department of State the implementing program, administering the claims authority jointly with the Agency for International Development (AID) and the United States Information Agency (USIA), has been operational for over three years. The joint regulations promulgated by State, AID and USIA are in accordance with the statements made in House Report No. 460 of the 88th Congress that the experience of the military departments would serve to establish guidelines and standards. The provisions of our regulation are similar to those of the military departments; the uniform depreciation allowance list developed by the military departments as a guide to adjudicating claims is used by the Department; and the policy set by the military departments as to maximum amounts allowable on categories of items such as photographic equipment, paintings, silverware and major appliances has also been adopted by the Department.

From the August 31, 1964 effective date of the Military Personnel and Civilian Employees' Claims Act of 1964 to December 31, 1968, the joint State/AID/USIA program settled some 1,230 claims in an amount slightly in excess of \$800,000. Although most claims are settled for less than \$1,000, often for only a few hundred dollars, a small percentage of claimants have not received full reimbursement for their losses since they exceeded the \$6,500 limitation. Only eighteen claims have been determined to be

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payable in excess of \$6,500 but for the statutory monetary limitation. One of the eighteen claimants has received total reimbursement of \$10,000 through private relief legislation (Slator C. Blackiston, Jr., Private Law 90-348, 90th Congress, October 12, 1968).

Personnel of civilian agencies with claims prior to 1964 could receive ultimate recovery by requesting the Congress to enact private relief legislation. The same has been true for claims after 1964 for amounts in excess of \$6,500. The authority granted by Congress through enactment of the Military Personnel and Civilian Employees' Claims Act of 1964 relieved the Congress of much of the burden associated with processing private relief legislation. A new limitation of \$10,000 applicable to the civilian agencies, with the retroactive provision, would provide further relief from processing private relief bills. It would also permit a more expeditious settlement in those cases where a total loss occurs and the employee is faced with circumstances of extreme hardship. The increase in the ceiling to \$10,000 was made retroactively effective to August 31, 1964 for the military agencies by the 1965 amendment. The proposed legislation would permit application of the \$10,000 ceiling retroactively to this same date for the civilian agencies.

The losses in excess of \$6,500 have resulted primarily from the catastrophic type loss involving total loss or damage to the employee's personal effects. Most have resulted from hostile activities or abandonment resulting from emergency evacuation in the Middle East, Nigeria and the Congo within the past two years. A few of these total losses occurred during shipment of household effects as a result of vessel wreckage or other severe transportation hazard.

These claims for substantial losses, as is also true with most claims processed, stem from losses incurred in overseas areas or in conjunction with the movement or storage of personal effects authorized at Government expense for service-directed assignments to, from or between overseas posts of duty.

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The purpose of the Military Personnel and Civilian Employees' Claim Act of 1964 was to extend to other agencies of the Government the authority possessed by the military departments to settle employee claims for loss or damage of personal property when the loss or damage is incident to their Government service. The need for such legislation was clearly recognized. The proposed legislation seeks to provide uniformity of the claims authority among the Government agencies. Although it is recognized that in many cases distinctions will exist between agencies in claims settlement as a result of functions, conditions of service and other factors, uniformity in the basic legislative authority appears most desirable. Policies prescribed by the President under Section 3(b)(1) of the Military Personnel and Civilian Employees' Claim Act of 1964, as amended, could resolve procedural and administrative differences among agencies.

Cost and Budget Data

The additional cost to the United States, if this proposal is enacted, cannot be determined with any degree of accuracy because of the unpredictability of world-wide incidents that cause substantial losses of employee's personal property. Our experience has been similar to that of the military services in that only a small percentage of claims have exceeded the \$6,500 limitation. Of the eighteen claims settled or pending since 1964 for the Department of State, Agency for International Development and United States Information Agency payable in excess of \$6,500 but for the existing limitation, the proposed legislation would involve a maximum expenditure of \$40,000 if enacted; a cost which the Government would also incur if Congress were to consider favorably a request to enact private relief legislation for these same claimants. It should also be mentioned that an increase in the statutory limitation from \$6,500 to \$10,000 would, based on past experience, provide full reimbursement to approximately 70 percent of those claimants who incurred losses in excess of \$6,500.

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Remarks:

May we please have your comments by 28 April 1969 regarding an Agency position with respect to the attached draft bill "To amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, with respect to the settlement of claims against the U.S. by civilian officers and employees for damage to, or loss of, personal property incident to their service."

cc: Logistics
 JOHN M. MAURY
 Legislative Counsel

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